

## Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 OMB-01 TRSE-00 DHA-02  
ACDA-07 IO-13 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /099 W  
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R 041600Z MAR 77

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 9428

INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 1727

E.O. 11652: GDS

TAGS: PFOR, PBOR, UK, AR

SUBJECT: BRITISH-ARGENTINE RELATIONS: FALKLAND (MALVINAS) ISLANDS  
DISPUTE

1. SUMMARY. VISIT OF ROWLANDS TO FALKLANDS AND SUBSEQUENT DISCUSSIONS WITH GOA HAVE BEEN SEEN BY BOTH GOA OFFICIALS AND BY BRITISH EMBASSY AS REASON FOR CAUTIOUS OPTIMISM OVER POSSIBILITIES FOR MEANINGFUL NEGOTIATIONS IN NEAR FUTURE. KEY CHANGE IN SITUATION IS GRUDGING WILLINGNESS OF ISLANDERS TO AT LEAST PERMIT UK TO DISCUSS POLITICAL FUTURE WITH GOA. ENORMOUS OBSTACLES REMAIN, HOWEVER, AND GOA SHOWS SIGNS OF DETERMINATION TO INSIST ON PRESSING ITS NEWLY FELT ADVANTAGE ON POLITICAL SIDE TO DETRIMENT OF ECONOMIC DISCUSSIONS WHICH ARE ONLY HOPE FOR EVENTUAL PERSUASION OF ISLANDERS THAT TRANSFER TO ARGENTINE IS ACCEPTABLE. END SUMMARY.

2. UK MINISTER OF STATE TED ROWLANDS ARRIVED IN BUENOS AIRES FEB 15 TO EXPLORE POSSIBILITIES FOR FURTHER NEGOTIATIONS WITH GOA OVER POLITICAL AND ECONOMIC STATUS OF FALKLAND (OR MALVINAS AS KNOWN IN ARGENTINA) ISLANDS. HE TRAVELED TO THE ISLANDS ON FEB 16 ACCOMPANIED BY AIDES, BRITISH EMBASSY BUENOS AIRES CHIEF POLITICAL OFFICER, AND ARGENTINE AND FOREIGN PRESS. AFTER EXTENSIVE DISCUSSIONS WITH ISLANDERS, THEIR GOVERNING COUNCILS, AND TRAVEL WITHIN THE ISLAND GROUP, HE RETURNED TO BUENOS AIRES ON FEB 21.  
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ON FEB 22 AND 23 HE HELD DISCUSSIONS WITH GOA'S REPRESENTATIVE, UNDER SECRETARY OF FONMIN, NAVY CAPT GUALTER ALLARA. RETURNING A COURTESY VISIT PAID BY GOA MIN OF ECONOMY JOSE MARTINEZ DE HOZ IN LONDON, ROWLANDS DISCUSSED BRITISH INVESTMENTS IN ARGENTINA ON FEB 22. HE DEPARTED FOR LONDON LATE ON FEB 23.

3. ROWLANDS ISSUED COMMUNIQUE ON FEB 21, AS HE LEFT ISLANDS,

WHICH SAID THAT HE HAD PROPOSED TO ISLANDERS THAT HE "SHOULD TRY TO WORK OUT TERMS OF REFERENCE WITH THE ARGENTINE GOVT FOR SUBSEQUENT FORMAL NEGOTIATIONS CONCERNED WITH THE TWIN THEMES OF POLITICAL RELATIONS AND ECONOMIC COOPERATION. IN ANY SUCH NEGOTIATIONS, THE BROAD ISSUES AFFECTING THE FUTURE OF THE ISLANDS, INCLUDING SOVEREIGNTY, WOULD HAVE TO BE DISCUSSED." HE HAD ASSURED THE ISLANDERS HOWEVER THAT ... "THE UK POSITION ON SOVEREIGNTY OVER THE ISLANDS WOULD IN NO WAY BE PREJUDICED, AND ... THERE WOULD BE FULL CONSULTATIONS WITH THE ISLANDERS DURING THE COURSE OF ANY NEGOTIATIONS. GIVEN THESE FULL ASSURANCES, THE COUNCILS APPROVED THE INTENTION OF THE BRITISH GOVT TO TRY TO ESTABLISH A BASIS FOR NEGOTIATIONS WITH THE GOVT OF ARGENTINA. ACCORDINGLY, MR. ROWLANDS WILL HAVE TALKS DURING HIS FORTHCOMING VISIT TO BUENOS AIRES ABOUT SUITABLE TERMS OF REFERENCE FOR ANY SUCH NEGOTIATIONS WHICH MIGHT BE HELD AT SOME FUTURE DATE. THE MINISTER UNDERTOOK TO INFORM THE COUNCILS OF THE OUTCOME OF THESE EXPLORATORY TALKS IN BUENOS AIRES."

4. ON FEB 23 GOA AND BRITISH EMB ISSUED JOINT COMMUNIQUE WHICH SAID "... AIM OF MEETINGS WAS TO CONSIDER ALL ASPECTS OF FUTURE OF FALKLAND ISLANDS, SOUTH GEORGIA AND SOUTH SANDWICH ISLANDS AND ANGLO-ARGENTINE ECONOMIC COOPERATION IN SOUTH WEST ATLANTIC AREA, AND TO EXPLORE THE POSSIBILITY OF ESTABLISHING TERMS OF REFERENCE FOR SUBSEQUENT NEGOTIATIONS. ... TALKS...WILL CONTINUE AT A TIME AND PLACE TO BE ESTABLISHED IN DUE COURSE."

5. BRITISH EMBASSY SOURCES HOLD THAT A PSYCHOLOGICAL TURNING POINT MAY HAVE BEEN REACHED IN LONG HISTORY OF DISCONFIDENTIAL

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PUTE. ROWLANDS WENT TO ISLANDS TO TELL RESIDENTS THAT UK WILL NOT BE ABLE TO ASSIST THEM ECONOMICALLY AND THAT SLOW DECLINE OF ISLAND LIFE CAN ONLY BE ARRESTED WITH ARGENTINE ECONOMIC COOPERATION. SUCH COOPERATION CANNOT EVEN BE CONTEMPLATED UNLESS UK IS PREPARED TO ACCEPT DISCUSSION OF SOVEREIGNTY ISSUE. ROWLANDS CONVINCED FIERCELY SUSPICIOUS AND FEARFUL ISLANDERS THAT HMG IS NOT ABOUT TO BETRAY THEM AND THAT DISCUSSIONS TO FIND OUT "WHAT ARGENTINES HAVE IN MIND" WILL NOT COMPROMISE SITUATION. RELUCTANT AGREEMENT OF TWO COUNCILS (EXECUTIVE AND LEGISLATIVE) SUPPORTED BY MOST OF INDIVIDUAL ISLANDERS TO ALLOW DISCUSSION WITH GOA IS CONSIDERABLE STEP FORWARD IN BRITISH VIEW, AND REPRESENTS MOST SIGNIFICANT ACCOMPLISHMENT OF VISIT.

6. POSITION PRESENTED TO ALLARA BY ROWLANDS WAS BASED ON ABSOLUTE NECESSITY OF CONSIDERING ECONOMIC COOPERATION AND POLITICAL DEVELOPMENTS AS ONE PACKAGE, WITH IMPLICATION THAT DEGREE TO WHICH GOA COULD BE FORTHCOMING ON ECONOMIC COOPERATION WOULD EFFECTIVELY DETERMINE DEGREE AND SPEED OF POLITICAL

RESPONSE POSSIBLE FROM UK. IN EFFECT, ISLANDERS MUST BE CONVINCED THAT ECONOMIC BENEFITS TO BE OBTAINED OUTWEIGH FEARS OVER COMING UNDER ARGENTINE RULE.

7. BRITISH OFFICERS HERE BELIEVE DEATH OF CROSLAND DOES NOT AFFECT SITUATION SIGNIFICANTLY. THEY POINT OUT THAT OWEN UNLIKELY CHANGE POLICY ON FALKLANDS FAVORED BY CROSLAND, AND WE NOTE IN PRESS TODAY OWEN COMMENTS TO PARLIAMENT WHICH APPEAR TO CONFIRM THIS. PROGRESS COULD EASILY COME TO QUICK HALT IF FOR EXAMPLE GOA'S HUMAN RIGHTS IMAGE IN UK WORSENEED TO POINT THAT VOICES WERE RAISED IN PARLIAMENT OR PRESS ABOUT HORRORS OF HANDING OVER ISLANDERS TO MERCIES OF ARGENTINE SECRET POLICE. IF GOA FAILS TO RESPOND ADEQUATELY, HMG IS FULLY PREPARED TO RETURN TO STATUS QUO ANTE.

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INFO AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 2 OF 2 BUENOS AIRES 1727

8. AGREEMENT WITH GOA NOW IS TO EXCHANGE POSITION PAPERS THROUGH EMBASSY CHANNELS, WORKING TOWARD DEVELOPMENT OF ENOUGH COMMON GROUND TO MAKE FURTHER NEGOTIATION SESSIONS USEFUL. ACCORDING TO BRITISH, MATTER OF RE-ESTABLISHMENT OF AMBASSADORS WAS NOT RAISED IN DISCUSSIONS, AND THEY DO NOT EXPECT SITUATION WILL BE RIPE FOR THAT FOR SOME TIME.

9. DEPUTY DIRECTOR OF FONMIN'S MALVINAS OFFICE  
HOLDS SAME  
GENERAL UNDERSTANDING OF WHAT ROWLANDS CAME TO OFFER,  
AND CONFIRMS THAT AGREEMENT OF ISLANDERS TO PERMIT HMG  
TO DISCUSS POLITICAL ISSUE WITH GOA IS NEW AND PROMISING  
DEVELOPMENT. HOWEVER, GOA MAINTAINS THAT ISSUE OF SOVEREIGNTY  
MUST BE EITHER RESOLVED (I.E. RETURNED TO ARGENTINA) OR TIMETABLE

FOR RESOLUTION ESTABLISHED BEFORE QUESTION OF ECONOMIC COOPERATION AND DEVELOPMENT IN AREA IS ADDRESSED BEYOND PRELIMINARY STAGES. ARGENTINE OFFICIALS MADE CLEAR THAT IN GOA VIEW, UK HAS FINALLY COME TO REALIZE THAT RETURN OF ISLANDS TO ARGENTINA IS ONLY SOLUTION, AND THUS ADAMANT ARGENTINE POLICY HAS BEEN SHOWN TO HAVE BEEN CORRECT COURSE. ECONOMIC AGREEMENTS WILL BE QUITE EASILY ARRIVED AT, BUT ONLY AFTER SOVEREIGNTY ISSUE RESOLVED. GOA IS PREPARED TO GO TO CONSIDERABLE LENGTHS TO EASE FEARS OF ISLANDERS, AND PROTECT THEIR INTERESTS, AND CAN AND CONFIDENTIAL

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WILL INDICATE ITS INTENTIONS TO HMG, BUT IT WILL NOT MAKE FORMAL COMMITMENTS IN ADVANCE OF RESOLUTION OF POLITICAL PROBLEM.

10. OFFICIAL ALSO NOTED THAT MATTER OF REPLACEMENT OF AMBASSADORS HAD NOT BEEN RAISED, AND THAT DECISIONS ON FURTHER DISCUSSIONS WOULD BE REACHED AFTER BOTH SIDES STUDIED SITUATION. HE LEFT IMPRESSION THAT GOA CONSIDERS THAT IT NOW HAS ONLY TO WAIT FOR BRITISH INITIATIVES, AND THAT SITUATION HAS DEVELOPED IN FAVOR OF ARGENTINA.

17 ARGENTINE PRESS AND OTHER MEDIA HAVE HAD FIELD DAY OF REPORTING AND SPECULATION IN MEANTIME. COVERAGE AND COMMENT HAS RANGED FROM THOUGHTFUL AND INTELLIGENT REPORTING IN SOME PAPERS, WITH REMAINDERS TO ARGENTINES THAT EVXDTs IN ARGENTINA AT MOMENT CAN HARDLY REASSURE ISLANDERS, TO CHARGES OF BRITISH PERFIDY AND TRICKERY IN A FEW CASES, AND TO WILDER AND TRADITIONAL SPECULATIONS ON BRAZILIAN INTEREST IN AGREEMENTS WITH UK TO USE ISLANDS AS BASES AND STEPPING STONES FOR THRUST INTO ANTARCTICA. NMS-PAPER LA OPINION ON FEB 3 CARRIED STORY CLAIMING FALKLAND ISLANDS COMPANY NEGOTIATING SALE OF ITS SHARES TO ARGENTINE FINANCIAL GROUP. STORY PROMPTLY DENIED BY COMPANY IN LONDON. BRITISH EMBASSY HAS NO INFORMATION AND PROFESSES COMPLETE SURPRISE.

12. A RESPONSIBLE AMERICAN NEWSMAN WHO ACCOMPANIED ROWLANDS TO ISLANDS REPORTED TO US HIS IMPRESSIONS OF SITUATION. ROWLANDS FACED SOLID WALL OF SUSPICION AND FEAR WHEN HE LANDED, AND PERFORMED PRODIGIOUS LABOR IN CONVINCING ISLANDERS TO TRUST HIM AND TO AGREE TO TALKS WITH GOA. HOWEVER, IN VIEW OF SOURCE, FEAR AND CONTEMPT FOR THE "ARGIES" IS PREVALENT DESPITE FAVORABLE IMPRESSIONS OF THE FEW ARGENTINE OFFICIALS (AIRLINE) AND OTHERS (TWO TEACHERS OF SPANISH) WHO RESIDE THERE. AGREEMENT TO LET ROWLANDS TALK TO GOA DID NOT APPEAR TO MEAN THAT ISLANDERS PREPARED TO ACCEPT TRANSFER, AT LEAST NOT IN NEAR OR EVEN MID TERM AND NOT WITHOUT IRONCLAD ADVANCE AGREEMENTS ON ALL POINTS.

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13. ON OTHER HAND ISLANDS ARE HARSH ENVIRONMENT, BADLY IN NEED OF NEW ECONOMIC INPUTS, AND OF ATTRACTIONS TO KEEP YOUNG FRTV LEAVING. ROWLANDS MADE CLEAR THAT UK CANNOT AND WILL NOT PAY PRICE OF DEVELOPMENT, AT LEAST UNLESS IT CAN BE SHARED WITH ARGENTINA. SOURCE WAS MOST IMPRESSED BY ISLANDERS' DISTRUST OF ARGENTINES AND FEAR OF HMG BETRAYAL.

14. COMMENT: DESPITE PROMISING NEW DEVELOPMENT IN SITUATION, AND HMG AND ISLANDER RECOGNITION THAT INITIATIVE MUST BE TAKEN TO EXPLORE POSSIBILITIES WITH GOA, WE CANNOT BE OPTIMISTIC THAT MULTITUDE OF OBSTACLES AND PITFALLS DISCUSSED ABOVE CAN BE AVOIDED. IF GOA HOLDS TO TRADITIONAL ATTITUDES, AND IT APPEARS IT WILL, IT IS UNLIKELY THAT HMG WILL BE ABLE TO SHOW RESULTS ON ECONOMIC SIDE SUFFICIENT TO BRING ISLANDERS TO CONSIDER TRANSFER. INTERNAL ARGENTINE DEVELOPMENTS UNRELATED TO ISLANDS WILL ALSO INFLUENCE THEIR ATTITUDE; BRITISH EMBOFFS AGREE THAT USG HUMAN RIGHTS FINDINGS AND SANCTIONS AGAINST GOA CAN INCREASE RELUCTANCE OF ISLANDERS AND EVEN HMG TO SUBMIT ISLANDS TO ARGENTINA. AT BEST WE CAN EXPECT A VERY LONG AND TORTUOUS PERIOD OF NEGOTIATIONS; AT WORST THE DISCUSSIONS MAY COLLAPSE ONCE MORE AND THE RESULT-  
ANT ARGENTINE DISAPPOINTMENT  
AND BITTERNESS LEAD TO EVEN FURTHER DAMAGE TO BRITISH-ARGENTINE RELATIONS.  
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## Message Attributes

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